

NSC BRIEFING

9 May 1957

INDIA'S FIRST COMMUNIST STATE GOV'T

- I. Although Nehru's Congress Party retained firm control over national parliament and won majorities in 11 out of India's 13 State Assemblies in nation-wide Mar. elections, Party lost ground in many State contests and, in state of Kerala--India's smallest (map)--Indian Commie coalition won outright control.
  - A. Commies face substantial problems. Kerala is one of India's poorest states, with dense population (14 million), few resources and industry, and a food deficit.
  - B. Commies working hard to build popularity.
    1. They have cut own pay, stayed eviction of peasants, attacked corruption, solicited private capital.
  - C. If Commies play cards right, gains could be more than local.
    1. Economic improvement in Kerala would have nation-wide appeal.
    2. Local policy of moderation would tend to make Commies more acceptable elsewhere in India.
- II. Meanwhile, India Gov't intends to fight Commies hard.
  - A. However, Gov't cannot force Commies out of office unless breakdown of "law and order" occurs.
  - B. Meanwhile, people of Kerala seem willing to grant Commies at least a year to prove themselves.
  - C. In interim, we face embarrassing problem regarding US-sponsored activities in <sup>KERALA</sup> State.